

# SENATE BILL No. 254

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-4-4.5.

**Synopsis:** Property tax assessment. Provides the following if the application of an annual adjustment factor derived by an assessing official would result in an increase of more than 10% in the assessed value of one or more homesteads: (1) The assessing official shall submit certain information to the division of data analysis (division) of the department of local government finance. (2) The division shall review the information submitted and make a determination of whether the annual adjustment factor was correctly calculated or is otherwise inappropriate. (3) If the division determines that the annual adjustment factor to be applied to the homestead was incorrectly calculated or otherwise needs to be adjusted, the division shall certify to the assessing official the information and instructions necessary for the assessing official to correct the annual adjustment factor.

**Effective:** July 1, 2016.

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January 7, 2016, read first time and referred to Committee on Appropriations.

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Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## SENATE BILL No. 254

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-1.1-4-4.5, AS AMENDED BY P.L.112-2012,  
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2016]: Sec. 4.5. (a) The department of local government  
4 finance shall adopt rules establishing a system for annually adjusting  
5 the assessed value of real property to account for changes in value in  
6 those years since a reassessment under section 4 or 4.2 of this chapter  
7 for the property last took effect.  
8 (b) Subject to subsection (e), the system must be applied to adjust  
9 assessed values beginning with the 2006 assessment date and each year  
10 thereafter that is not a year in which a reassessment under section 4 or  
11 4.2 of this chapter for the property becomes effective.  
12 (c) The rules adopted under subsection (a) must include the  
13 following characteristics in the system:  
14 (1) Promote uniform and equal assessment of real property within  
15 and across classifications.  
16 (2) Require that assessing officials:  
17 (A) reevaluate the factors that affect value;



- 1 (B) express the interactions of those factors mathematically;
- 2 (C) use mass appraisal techniques to estimate updated property
- 3 values within statistical measures of accuracy; and
- 4 (D) provide notice to taxpayers of an assessment increase that
- 5 results from the application of annual adjustments.
- 6 (3) Prescribe procedures that permit the application of the
- 7 adjustment percentages in an efficient manner by assessing
- 8 officials.
- 9 (d) The department of local government finance must review and
- 10 certify each annual adjustment determined under this section.
- 11 (e) In making the annual determination of the base rate to satisfy the
- 12 requirement for an annual adjustment under subsection (c) for current
- 13 property taxes first due and payable in 2011 and thereafter, the
- 14 department of local government finance shall determine the base rate
- 15 using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of
- 16 the department of local government finance's Real Property Assessment
- 17 Guidelines (as in effect on January 1, 2005), except that the department
- 18 shall adjust the methodology to:
- 19 (1) use a six (6) year rolling average adjusted under subdivision
- 20 (2) instead of a four (4) year rolling average; and
- 21 (2) eliminate in the calculation of the rolling average the year
- 22 among the six (6) years for which the highest market value in use
- 23 of agricultural land is determined.
- 24 (f) For assessment dates after December 31, 2009, an adjustment in
- 25 the assessed value of real property under this section shall be based on
- 26 the estimated true tax value of the property on the assessment date that
- 27 is the basis for taxes payable on that real property.
- 28 **(g) This subsection applies to assessment dates after December**
- 29 **31, 2015. The following apply if the application of an annual**
- 30 **adjustment factor derived by an assessing official would result in**
- 31 **an increase of more than ten percent (10%) in the assessed value**
- 32 **of one (1) or more homesteads (as defined in IC 6-1.1-12-37):**
- 33 **(1) The assessing official shall submit the following to the**
- 34 **division of data analysis of the department of local**
- 35 **government finance:**
- 36 **(A) The data from each sale that was used in the ratio**
- 37 **studies and value calibration analyses to develop the**
- 38 **annual adjustment factor that will be applied to the**
- 39 **homesteads.**
- 40 **(B) For sales described in clause (A), an explanation of the**
- 41 **manner and extent to which the properties sold are**
- 42 **comparable to the homesteads to which the annual**



adjustment factor will be applied.

(C) A description of the neighborhood delineation applicable to the homesteads.

(2) In addition to the review and certification of annual adjustments under subsection (d), the division of data analysis of the department of local government finance shall review the information submitted under subdivision (1) to determine the following:

(A) Whether the annual adjustment factor was correctly calculated.

(B) Whether the properties used as comparable properties in developing the annual adjustment factor were in fact comparable to the homesteads to which the annual adjustment factor would be applied.

(C) Whether the neighborhood delineation applicable to the homesteads adequately placed similar property into homogeneous geographic groups.

(D) Whether any very low or very high ratios as compared with other ratios in the sample were inappropriately used in the ratio study.

(E) Whether there is any other reason why it would be inappropriate to apply the annual adjustment factor to the homesteads.

(3) If the division of data analysis of the department of local government finance determines after the review under subdivision (2) that the annual adjustment factor to be applied to the homesteads was incorrectly calculated or otherwise needs to be adjusted, the division shall certify to the assessing official the information and instructions necessary for the assessing official to correct the annual adjustment factor.

